

1 Audio Recording of Conversation, September 10, 2017

2 Participants: Man2: Steven Nerayoff

3 Man: PERSON 3

4 Woman: JANE DOE

5 Man 3: JOHN DOE

6 Abbreviations:

7 [UI] Unintelligible

8 [IA] Inaudible

9 [VO] Voices overlap

10 [ph] Phonetic rendering

11 [BG] Background

12

13

JANE DOE: ...on what I think should have happened, and the difference is like ginormous. And so that's what we want to highlight like if this is intentional this, you know your numbers then I get it but if it's not intentional then we, we need to make sure we're on the same exact page. So — Steven and [PERSON 1] you guys just joined? I'm sharing my screen. Hopefully you can see it. But I spent a good eight hours yesterday and last night going through your numbers and figuring out exactly to the penny how you got to every single number and then I went through and did them as formulas and what I think should have really happened is like 2.6 billion tokens different. So I wanted to go through and just make sure that we're in the exact same page whether your numbers are really intentional. If it is then okay, if it's not intentional then —

[00:00:55]

PERSON 1 [UI] It's intentional and I know what I did. I had a formula on the side that was by percentage. Really it should have been a formula off to the side that was times three and times two. So for some of them it's the hundred percent bonus. For example the thirty percent [UI] hundred that's coming in, off to the side it was [UI] 100 percent it's the same number [UI]

JANE DOE: Right. So that's what I did.

PERSON 1 Yeah.

JANE DOE: I re-did everything. If you look at the second spreadsheet and I just organized what you guys had done and so I literally copied, you know for each of these cells I just went, pointed exactly back to your cells to make sure I was getting the exact same data. Same with the bonuses, got the exact same data from your spreadsheet and then I got these numbers from what you had input at the amount of BTCE, BTC metal or [PF] that you have received.

[00:02:04]

I took the conversion rate based on what you guys had put in on the top of your spreadsheet. And then I verified that what your ETH amounts you received is the ETH amount that I got in the whole conversion process. But where the math got really, really weird is so once you get the ETH amount agreed, like I agree with you on the ETH amount that was received, without the bonus this is the storm amount based on the 30,400 going to every [UI]. The math got really weird with the bonuses and so if it's really a 200% bonus then the guy should be receiving about \$11,000 in ETH value, not — what is it — 7000 ETH in value which was the original number. And so I took the percentages. I did a one plus the bonus percentage which is the effective ETH value that they're getting.

[00:03:01]

And so I corrected these with a quick formula and then if you times it by the 3400 this is the total number of [REDACTED] that they're theoretically owed then. Oh, I almost, I changed [J]33. There we go. 38400. Whoops. And this is the amount that is owed to each of the hubs based on this true ETH value, based on these two bonus numbers. And so we're wondering, did you mean two [x] or did you mean 3 x with a 200%?

PERSON 1: That's [UI] as well. The 200% bonus [UI] technically a 3X, 100% bonus is a 2X.

JANE DOE: Okay. So then my numbers are actually correct. And you've effectively sold 4.9 billion tokens, not 2.58 billions. That's Steven's number. Or now it's changed because you've been updating it.

1
2 [00:04:07]

3
4 PERSON 1: That's correct and I just got off the line with Steven and he has a suggestion to
5 correct this.

6
7 Steven: Where was the error in the formula, PERSON 1?

8
9 JANE DOE: It was in the [UI] value.

10
11 PERSON 1: It was, yeah, it was in a 100% [UI] which is essentially just for the number one. It
12 doesn't [UI] anything with the [pronouncements]. It should be 2X and 3X.

13
14 Steven: Alright, I mean, listen. We have a couple of options here. The [redacted] sale we were
15 doing basically for, we were all on the call there, we made a deal with [redacted] that was for [redacted]. We don't
16 have to do the [redacted] sale. [BG] [We shouldn't let that] affects our — I don't know how that affects [redacted].
17 That's the issue.

18
19 [00:05:00]

20
21 Hub thirteen, I can cancel it or I can lower it but none of this is going to — it's all going to make — I
22 mean other than [redacted] it's just going to just, at the edges it's not going to make a difference. So what we're
23 going to have to do is we're going to have to figure out something between us and since we [UI] a hard
24 [UI] I mean this is not unusual, what's happening right now. I just sold 5 million [Ambrosus][ph]
25 yesterday at a 200% bonus. Effectively almost 200%. They did it as a discount. Wasn't quite 200%. It
26 was a 50% discount. What is that? It's 100% bonus? 100%. [UI]

27
28 JANE DOE: It would be better if these were done as discounts because then you actually have the
29 tokens to sell. Right now we don't have 200% extra tokens.

30
31 Steven: Well it's the same difference.

32
33 PERSON 1 Right.

34
35 [00:06:00]

36
37 Steven: Yeah, that's the same difference. Alright. Let me look over these numbers. Well
38 we'll probably recommend doing is the only place we could get it from, there's only 2 other bucket — it's
39 your bucket or our bucket. If it's our error in the formula then we have to [BG]. We'll probably maybe
40 do some kind of an exchange at a ratio that's favorable to you for tokens to ETH. The only I think fair
41 way to do it. You guys following?

42
43 Man: Um — not really.

44
45 JANE DOE: [UI]

46
47 [00:06:59]

48
49 Steven: Like we'll give — well let's, let's figure out what we need to give back to make sure
50 we get the sale going. How many, how many tokens do we need left?

1 ??? SHHHH! [to children talking in background]

2
3 Man: [UI]

4
5 Steven: Nah, I'm going to have to run these numbers myself. But effectively that's, that's,
6 that's, that's solution 1.

7
8 PERSON 1: JANE DOE, [UI]?

9
10 JANE DOE: Yep.

11
12 PERSON 1: The target number of 2 we can [UI]. We can [UI] be acceptable?

13
14 JANE DOE: Umm — not so much 'cause remember there's a public, the public is going to be very
15 upset if more than 50% of the crowd sale is already done before it even begins, right?

16
17 [00:08:06]

18
19 PERSON 1: Nuh-uh. I mean that's, no.

20
21 JANE DOE: [UI]

22
23 PERSON 1: I mean, I mean, [UI] if it was [UI] and left to sell [UI].

24
25 Steven: But I mean that, I don't, that I don't think is a, I don't think that's damage. I mean
26 we can do — this has been pretty well distributed. Don't we already have about a thousand people
27 holding these tokens? We could go on a civic model where we could distribute it you know in
28 increments. So I'm not really that concerned about it. There's recent sales [that have been] two-thirds, I
29 mean civic itself was I think two-thirds. They had to cut people back in order to do a public sale.
30 [Ambrosus] is going to be, end up probably being about close to 70% before they ever get to the public
31 sale. So it's not unusual.

32
33 [00:09:00]

34
35 In today's market 'cause the pre-sale market's so hot. It was different a year ago. So people are just
36 buying everything on resale markets. If we hadn't done that deal — there's nothing we can do about it
37 unless they want to cancel the [REDACTED] deal but we did that deal so early on. If I had to do it today I would
38 not do that deal at all. [We] [bell or warning sound] don't need to do the deal. If we have enough buzz
39 out there that we could just sell that at regular prices. [When]

40
41 PERSON 1: Last [UI] tokens to [UI] public [UI] [*very bad audio quality*]

42
43 Steven: Who's on the call right now? Is JOHN DOE on?

44
45 JOHN DOE: Yeah, I'm on.

46
47 JANE DOE: JOHN DOE, JOHN DOE and me and PERSON 1, JANE DOE, Steven.

48
49 [00:10:02]

50

1 Steven: So my suggestion is — let me look through the numbers, we'll come up with a
2 proposal and I think what we'll probably end up doing is we'll have to take a hit on our end to make it
3 right. And we'll do some kind of exchange that will be favorable to the company. We'll get back enough
4 tokens that can be sold on a public sale and maybe an exchange will take a smaller percentage [of] ETH
5 or [something].

6
7 JANE DOE: Okay.

8
9 Steven: And we have to play [with] the ratios anyway. But now, now it's — this is a
10 different story.

11
12 PERSON 1: [UI] have to target where we're [UI] except for [UI] to be sold at 6 billion to the
13 public. It's 3.5 mean the number?

14
15 [00:11:06]

16
17 JANE DOE: Yeah, we'd like to at least sell about 3.5 in the next round of sales. I think. I don't
18 know. PERSON 1, I mean JOHN DOE will have to —

19
20 Steven: JANE DOE, I'm trying to get your numbers here. You have — show me where right
21 now how many is available assuming these numbers stand. To the public.

22
23 JANE DOE: What's going on? The numbers are changing.

24
25 PERSON 1: Yeah. Something was changed.

26
27 Man: Sir?

28
29 PERSON 1: Um —

30
31 JOHN DOE: I was — this one didn't add up so that's why — B19.

32
33 Steven: Okay. JANE DOE can you just show me under your numbers how many are
34 currently left to sell to the public?

35
36 PERSON 1: We'll look like about a billion left.

37
38 JANE DOE: No. It's a negative. We have negative 1.6 billion. We have less than we have
39 available to sell.

40
41 [00:12:01]

42
43 JOHN DOE: What. Wait, wait. — Look it's not negative —
44 [VO]

45 JANE DOE: Can you — Can you —

46
47 JOHN DOE? You have 1.1 —

48
49 JANE DOE: Can you stop changing numbers? Whoever's changing numbers just stop changing
50 numbers.

1 Steven: Who's changing the numbers?

2
3 JOHN DOE: I'm not. But there's 4.9 — so what I'm adding —

4
5 JANE DOE: There. That's the number.

6
7 PERSON 1: Yeah, that should be, there should be about a billion left. When I do it [UI] as well.

8
9 Steven: There's not a negative number.

10
11 JOHN DOE So —

12
13 JANE DOE: What just happened? What's the cell?

14
15 Steven Yeah. My point being — I think we can get you back to the 2 — to the 3.5-ish
16 billion number like [UI].

17
18 [00:13:06]

19
20 JANE DOE: Yeah. You guys are changing numbers on the PERSON 1/Steven side right now
21 right now too so this number has also changed.

22
23 PERSON 1: I — I'm not touching.

24
25 Steven: I'm not touching this, like I don't know who's touching.

26
27 JANE DOE: Okay, well — this number has changed. It should be at 2.58 billion and now it's at
28 1.4 billion. The Steven number that you guys originally did, so something changed.

29
30 Steven: Can you just do the reverse? Unchange? On the upper left? Do unchange?

31
32 JANE DOE: Nope. This isn't the one we want to unchange. Something on the PERSON 1
33 spreadsheet, your original spreadsheet is [UI] changing. So I don't know if anybody's changing anything
34 over here but something is changing over here that's changing all the numbers.

35
36 [00:14:01]

37
38 Yeah. The token count went down to 1.2. JOHN DOE —

39
40 JOHN DOE: Hmm? I'm not touching anything right now.

41
42 JANE DOE: Yes you are.

43
44 JOHN DOE: No I'm not. I'm just looking at where the changes are going on.

45
46 JANE DOE: Okay well this number used to be 2. — okay. So why is this number different?
47 Steve and PERSON 1 numbers — you have your above token total one plus — [UI].

48
49 [00:15:00]

1 That's — I just hard-coded in the number that you originally had which was 2. — now it's 715, it used to
2 be 2.58.

3
4 Man? Okay.

5
6 JANE DOE: Something changed over here. But that means something in these numbers have
7 recently changed that you had before.

8
9 PERSON 1: [UI] when I got into the document I changed [UI] five. Sending [UI] over to your
10 doc. So let me [UI]

11
12 JANE DOE — no, let's hard-code it in so any changes on the spreadsheet will change over here.

13
14 PERSON 1: Okay. I can put this back [UI].

15
16 [00:16:00]

17
18 Steven: Please stop changing numbers guys.

19
20 PERSON 1: [UI]

21
22 JANE DOE: Okay, now the numbers are fine.

23
24 PERSON 1: Okay. I'm just telling you that nine [UI].

25
26 JANE DOE: Okay. So this is the state of things. Everything you guys do from here is, it is on
27 your spreadsheet but my numbers are, the math is totally off. We don't have that many [REDACTED] to give out
28 in the pre-sale. And that wasn't the —

29
30 PERSON 1: Yeah — I think we, we can get you back to 3.5 billion. I know —

31
32 Steven: We're going to have to work out something.

33
34 JANE DOE: Any suggestions?

35
36 Steven: How many, how many do we need — I'm trying to run these number — I'm trying to
37 see the numbers but the numbers are changing. How many do we have to sell [if it was] in public sale
38 right now?

39
40 PERSON 1: One billion.

41
42 JANE DOE: Right now? One billion.

43
44 [00:17:01]

45
46 Steven: Okay. How many was the number that we needed?

47
48 PERSON 1:? 3. [UI]

49
50 JANE DOE: Remember total for sale is 6 billion tokens.

1 Steven: That's total for sale. I know. But how many do we need for the public sale?

2
3 PERSON 1: 3.1

4
5 Steven: 3.1?

6
7 PERSON 1: 3.5 will sell. Will [make] the sale number.

8
9 Steven: 3.5?

10
11 PERSON 1: Correct.

12
13 Steven: Alright, how many did, was on our end?

14
15 PERSON 1: 2.2 billion.

16
17 Steven: We have 2.2?

18
19 PERSON 1?: Yep.

20
21 Steven: So we still have a shortfall of 1?

22
23 PERSON 1?: We would need just slightly short [though] that would [UI] — I think that would be
24 sufficient [UI] if we get them to 3.3 billion, .2 billion isn't a big deal.

25
26 [00:18:01]

27
28 JANE DOE: Who's doing that?

29
30 Steven: Alright, so even if we get an exchange of ours, [UI] you're saying we're still short a
31 billion tokens.

32
33 PERSON 1?: No, no. It's — we did an exchange and gave [UI] our 2.2 it will get them to 3.4
34 which is very close [UI] is 3.5.

35
36 Steven: If you add our numbers plus what you already have we have enough for the public
37 sale?

38
39 PERSON 1: Correct.

40
41 Steven: Okay. So very simple. JANE DOE — me, you, and JOHN DOE, we get on a call
42 the three of us, we come up with an agreement, we're going to do some kind of an exchange that will be
43 favorable to the company. We're going to, we're going, we're gonna fix this to make sure that the public
44 sale goes [UI] — goes correctly. So we'll fix it.

45
46 JANE DOE: Okay.

47
48 [00:19:00]

49
50 JOHN DOE: Okay.

1 JANE DOE: How?
2
3 Steven: Give me, give me 15 minutes to review this and then —
4
5 JANE DOE: Okay.
6
7 Steven: — and then I'll get back in touch with the two of you.
8
9 JANE DOE: Okay.
10
11 Steven: This is — [VO]
12
13 JANE DOE: And then the —
14
15 Steven: This is —
16
17 JANE DOE: Just so you know, we need to finalize these numbers today, [their OR they're] pre-
18 sale numbers, the [impact] [UI] [REDACTED] tokens 'cause we want to go through and have final plan on how
19 we're going to perform the crowd sale tomorrow morning.
20
21 ?? Yes.
22
23 JANE DOE: — so that the guys can code it up by the end of week Friday so that we can being the
24 smart contract auditing process very quickly after.
25
26 Steven: Okay. That's fine. That's fine.
27
28 JANE DOE: Okay. So we'll get off the call unless you have looked at the numbers —
29
30 JOHN DOE: [VO] And I had, I had a —
31
32 JANE DOE: The formulas are all on there so you can see —
33
34 JOHN DOE: I had a three and I had a —
35
36 JANE DOE: — what was done.
37
38 [00:19:59]
39
40 Steven: Just as an FYI, we're not going into all the specifics. When I had a three-hour call
41 with [REDACTED], [REDACTED], and [REDACTED]. [REDACTED] being [REDACTED]'s attorney.
42
43 JANE DOE: Um-hum.
44
45 Steven: We had to cover, we had to cover multiple topics but we're all going to be in Toronto
46 on Wednesday and [REDACTED] and I are working together with [REDACTED] to figure out how legally we can do the ICO
47 on [REDACTED]. I don't think we need to, frankly, it's enough buzz right now that I think this thing's going to
48 sell out pretty quickly. And then there's also — we're going to — [REDACTED] also wants to do something.
49
50 Female: Hello!
51

1 Steven: So
2
3 ?? Okay.
4
5 Steven: And we will be talking to [REDACTED] over the weekend. It actually just ironically
6 enough [REDACTED] and [REDACTED] were keynote speakers at [REDACTED]'s cousin's conference over the weekend.
7
8 [00:21:07]
9
10 So they hit it off. So [REDACTED] will be there too. And then [REDACTED]'s — PERSON 3 [REDACTED]'s] going to be there and
11 [REDACTED] will be there as well.
12
13 JANE DOE: Um-hum.
14
15 Steven: [UI] the premiere is still on.
16
17 Steven: I guess we lost him.
18
19 JOHN DOE: Okay.
20
21 [VO]
22
23 Steven: Let me look over these numbers, we'll fix it, relax everybody, we will make it right.
24 And we'll make sure that this all goes smoothly.
25
26 JANE DOE: Okay.
27
28 JOHN DOE: [UI] Alright, thank you.
29
30 Steven: Okay.
31
32 [00:22:00]
33
34 Steven: PERSON 3, are you still there?
35
36 PERSON 3: Yeah I'm here. I was just on mute and didn't realize it.
37
38 Man [UI]
39
40 Steven: Alright, it's just me and you right now? Fuck.
41
42 Man [UI]
43
44 Steven: PERSON 1 had the wrong fucking numbers in his, in his — I asked him 50 times.
45 He had the wrong calculations.
46
47 PERSON 3: So what's the matter?
48
49 Steven: We have to give back all our fucking tokens.
50
51 PERSON 3: Why?

1
2 Steven: Because they don't have enough tokens for the public sale.

3
4 PERSON 3: How many tokens are you getting back?

5
6 Steven: Two billion. I mean what I'm going to negotiate with them is giving back tokens and
7 then taking a smaller percentage of — taking like maybe a 4 to 1 ETH to token ratio or something like
8 that. Taking a little more ETH and giving back tokens. Oh fuck! How did he do this?

9
10 PERSON 3: Listen —

11
12 [00:23:00]

13
14 Steven: And a lot of this is because of [REDACTED].

15
16 PERSON 3: Who are you, who are you sourcing 5 million dollars from?

17
18 Steven: From what?

19
20 PERSON 3: From [UI] other project.

21
22 Steven: [UI] I guy I know in Asia. I'm just putting the deal together.

23
24 PERSON 3: What deal?

25
26 Steven: I got a, I got a lot of network connections just doing through — I mean fuck this deal,
27 whatever the deal does the deal does. I got like 7 networks now that I can sell shit through, all throughout
28 Asia.

29
30 PERSON 3: [UI]

31
32 PERSON 3: What's [REDACTED] doing for [REDACTED]?

33
34 Steven: What?

35
36 PERSON 3: What's [REDACTED] doing for [REDACTED]?

37
38 Steven: What do you mean? [REDACTED] needs —

39
40 PERSON 3: Uh —

41
42 Steven: [REDACTED] was not hard to sell. The problem was [REDACTED] wanted us to give ten million
43 dollars to this one guy we gave 100% bonus to. That's what killed us.

44
45 [00:24:00]

46
47 So I had to give 10 million to him alone. And by the way this doesn't even count 5 million dollars
48 which I'm going to have to cut him back for [REDACTED] — I mean [REDACTED] I'll give to but [REDACTED] and [REDACTED] and then
49 a bunch of Russian guys. [REDACTED] and [REDACTED] I'll give to but the other guys I can't give it to them. I'm not
50 giving anybody else [on] a hundred, you know, 100 percent. The market out there has gotten pretty
51 fucking crazy on the pre-sales. I mean [REDACTED] is got 55 million in presales as we speak and they haven't

1 calculated all the numbers. And I got a 45% discount from them yesterday. They're going to be at like
2 70 million. There's a 100 million dollar hard cap.

3
4 PERSON 3: It's a loser.

5
6 [00:25:00]

7
8 Steven: Hey, listen, the project is wacko. I get it, I understand what you mean. But —

9
10 PERSON 3 But — stop sourcing money for projects where you're not getting the huge cut of
11 them. [UI] listen I've got to work out a little — I got a little idea here how to maximize on our networks.
12 I'm going to create a spreadsheet with all the potential investors that we know in sales networks, and
13 we're going to put people like leads in each of those spreadsheets so you're going to have your leads,
14 everybody's going to have their lead on where to source capital from. Then whenever we have a project
15 we can just push it through that network.

16
17 Steven: I have a whole new concept about how to deal with this. I'm waiting for you guys to
18 come, I'm waiting for you to come back to explain it to you.

19
20 PERSON 3: I'm in New York. I'll be around for 2 days.

21
22 Steven: Alright. Whenever you're ready come over because basically — I'll just tell you the
23 basic thing. It's called [REDACTED] which I explained to you it's going to be [REDACTED]. [REDACTED]
24 [REDACTED]. Alchemist, and [REDACTED].

25
26 [00:26:07]

27
28 And that will be the go-to ICO platform. At the same time and [REDACTED] — I got [REDACTED] behind it, I got [REDACTED]
29 behind it, I got [REDACTED] behind it. At the same time me, [REDACTED] and [REDACTED] are going to start a consortium.
30 fuck, if they're in a foundation, fuck the [REDACTED]. We want to supersede both of them and start
31 a foundation that has ICO standards to get ahead of the SEC.

32
33 PERSON 3: Who's [REDACTED]?

34
35 Steven: [REDACTED] is the head of the entire practice.

36
37 PERSON 3: Which practice?

38
39 Steven: [REDACTED]

40
41 PERSON 3: Oh.

42
43 Steven: [REDACTED] is behind all of — they're behind all of this. I was on the phone with them
44 for three hours yesterday. These are the 3 main guys in the block chain practice. And —

45
46 PERSON 3: Right.

47
48 Steven: And we can [REDACTED] do this consortium. The consortium will link up with pipeline.

49
50 [00:27:02]

1 Basically every ICO will want to go through pipeline. We won't make a lot of money on each ICO.
2 We'll get a tiny, tiny percentage but so what? Every ICO if they don't do it it's like not having a good
3 housekeeping seal of approval. Every ICO that doesn't do it will be seen as a lesser ICO. And they
4 won't go through our rigorous standards which will be like an independent body of like 200 — we're
5 getting like 200 factors of an ICO. You have to satisfy these factors. Some of them are deadly factors
6 and some of them are not deadly but they're — you know you gotta score at the end of it. —
7

8 PERSON 3: Alright Steve? Alright, [UI] let's talk about it in person not over this [UI].
9

10 Steven: Alright I gotta take care of this form thing. I'll take care of this. I'll see you in the
11 next few days? Wednesday I'm — Tuesday night I'm leaving for Toronto. So —
12

13 PERSON 3: When do you get back?
14

15 Steven: Friday. So —
16

17 PERSON 3: Alright. I'll talk to you soon.
18

19 [00:28:00]
20

21 Steven: Okay, 'bye.
22

23 [00:28:03]